

Your Business is Threatened!

Currently under consideration by some New Jersey Legislators is a 25-cents-per-pack tax increase on cigarettes. Only last December, this same group of officials rejected a 25 cent tax. Now the tax threat is back! Raising New Jersey's cigarette tax another 25 cents would make it the highest tax on the East Coast, and one of the highest in the entire country.

- A 25-cent tax increase would mean New Jersey consumers could save between \$4 and \$8 a carton by buying cigarettes in surrounding states. An average smoker who buys in Delaware to avoid this new tax here, would save more than \$435 a year.
- With this new tax, New Jersey retailers would be at a huge disadvantage! Compare the per pack tax: New Jersey - 65 cents, versus New York - 51 cents, Pennsylvania - 31 cents, Delaware - 24 cents, Virginia - 25 cents, North Carolina - 5 cents.

New Jersey retailers might ask, *Where else have cigarette taxes been raised, and more importantly, What was the result?*

- **Michigan:** cigarette taxes raised 50 cents - store break-ins surge, sales down 80 percent. Detroit Free Press declares smuggling epidemic. People don't quit smoking, they simply turn to the underground market that is flourishing. Some legislators begin calling for a tax rollback to end the flood of crime.
- **New York:** With Indian Reservation sales skyrocketing (tax-free), illegal exports (no tax) flooding back into the state, and truckloads arriving daily from low-tax states like Virginia and North Carolina - New York now counts about 20 percent to 30 percent of its entire market as illegal and tax evaded.
- **Canada:** high cigarette taxes lead to national crisis. Canada's Prime Minister says, *"Smuggling is threatening the safety of our communities and the livelihood of law-abiding merchants. It is a threat to the very fabric of Canadian society."* On Feb. 9, 1994, cigarette taxes were slashed and smuggling was effectively eliminated. With no underground market to take stolen goods, smuggling-related store robberies and break-ins almost ceased entirely.

A recent study finds that a 25-cent tax increase would depress sales by 16 percent and lead to a \$375 million commercial loss for the state. Some \$208 million would be lost in gross retail cigarette sales, \$167 million lost tie-in or sundry product sales, and cigarette volume would drop by 101 million packs, most of which would come from a shift of sales from N.J. to border states and to smuggling operations. A total of, \$77 million in lost gross profits to N.J. retailers and wholesalers, and some 700 wholesale and retail workers would lose their jobs.

Call your New Jersey State Senators and Representatives
And let them know that jobs and your livelihood are being threatened!